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Accounting Conservatism in a Setting of Information Asymmetry between Majority and Minority Shareholders in Tehran Stock Exchange Market (TSEM)

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Abstract
This paper examines the relation between information asymmetry (as measured by PIN, probability of information-based trading) and accounting conservatism. In order to explore relation between PIN level and Effect of PIN changes on conservatism. In addition examin Effect of auditor tenure on the relation between PIN level and conservatism.In order to do the studies, 135 listed Tehran Stock Exchange. Companies during the 2005-2012 were chosen. It is shown that a positive relation between Conservatism on PIN level and Effect of PIN changes. In addition we find, however, that the effect of PIN appears weaker when auditor tenure is taken into account, thus supplementing their conclusions.
Keywords: Accounting conservatism; Information asymmetry; PIN (Probability of Information based on Trading)

1. Introduction

Theoretical concepts of financial reporting is considered conservatism as part of the qualitative characteristic to be reliable, but instead use the word conservatism has a word of caution: Precaution is to use the degree of care exercised judgment in ambiguous situations is needed for accounting estimates So that income or assets or debts less than the cost of not providing. Ambiguity as solidly in the conservatism when faced with ambiguity and accountants they employ are conservatism.

Conservatism applied in the financial statements is attributable and the financial statements of the borrowing agreements, compensation and benefits management, legal and financial claims. In all these cases, the conservatism parties of information asymmetry and asymmetric loss functions, lawsuits and taxes, and the tax is due.

In recent decades Institutional shareholders become one of the most important components of the capital markets in most countries are So that large amounts of the investments are in these institutions. In fact, institutional investors have the resources to influence corporate governance and directors representing one of the problems are that through institutional ownership relationship between company executives and stakeholders to be close.

On the other hand, when information asymmetry is assumed that managers and market participants have the same information about the company or have any specific information about the company. Therefore, managers and market participants, the company can handle the uncertainty, But when information asymmetry, managers, due to private and confidential information about the company, they have more and better market Specific information about the company before they reach the market. Over time, certain information through the company's information disclosure events is transmitted to the market.

Some believe that because institutional investor's access to confidential data and information asymmetry between small stockholders is created. In contrast, large institutional investors can be offered to other shareholders of the company's confidential data transfer.

2. literature Review

Lee and colleagues found differences in market depth and price offer to buy or sell stocks around the dividend decrease. While Lee and krynsky stated asymmetric information in the capital market for early release after profit rise. Ball, Kvtary and Robin to compare the information content of net income in common law countries (which have a higher level of conservatism) and the countries of written law (which has a low level - are more conservative) began. Net profit and return them between positive and negative regression coefficient was found between Basu, positive and negative returns in conservatism countries with high and low, there are significant differences.

In other words, countries with common law in favor of states rights written, can explain the behavior of stock returns are higher. Givoly and Hayn to investigate the use of conservatism in recent decades. They accrual

indicators used to measure conservatism. Their research results indicate that increasing conservatism over time. Lafvnd and Watts effects of information asymmetry on conservatism. Results indicate that a large information asymmetry between shareholders and the internal organization of the following two cases: Low profits and high losses. 2 identification information asymmetry further benefits are reflected in the current period financial statements.

As a result, information asymmetry can lead to conservatism. Lafvnd and Watts show that information asymmetry between shareholders and the internal organization of conservatism in financial statements to be. They claim that conservatism increases firm value. Linda Chen in his paper titled "income smoothing, information uncertainty, stock returns and the cost of shareholders" smoothing effect on unreliable information, return on equity and cost of equity be studied. He indicated, data smoothing reduces the uncertainty and expense of shareholders. He controls the shock of unexpected earnings and other company information, it is concluded that Companies that do the smoothing earnings announcement date to the close of significantly higher abnormal returns.

Rezazadeh and Azad explore the relationship between information asymmetry and conservatism in financial reporting. The results show that positive and significant relationship between the level of information asymmetry between investors and financial conservatism applied in financial statements. In addition, the results show that the change in information asymmetry among investors can lead to changes in the level of conservatism. The results indicate that the increasing information asymmetry among investors, the demand for conservatism in financial reporting increases.

3.Hypothesis

To study the relationship between information asymmetry and conservatism of the companies listed in Tehran Stock Exchange, three hypotheses were developed and tested as follows:

Hypothesis 1: There is a significant relationship between conservatism and asymmetry of information.

Hypothesis 2: There is a significant relationship between changes information asymmetry and conservatism.

Hypothesis 3: tenure (rotation) on the relationship between information asymmetry and accounting conservatism has a significant impact.

4.Data and Methodology

The study population of all firms listed in Tehran Stock Exchange during the period of 2005-2013. Sampling was conducted using systematic exclusion .The samples were companies who meet the following conditions:

1. The intermediary companies, industries, investment, leasing and insurance companies may not.
2. Due to the increase of capacity, the fiscal period ending March is.
3. During fiscal year 2005-2012 financial period have not changed or activity.
4. Variables data (PIN, net profit, return on shares, auditor rotation and control variables, firm size, debt ratio and the ratio of market value to book value at the beginning of the year) in all years tested, is available.
5. Financial information related to the rotation of auditing firms examined has experienced.

This correlation is due to the nature and methods of research. Data from the study data center databases and site management including software Tadbirpardaz and Organization of Islamic studies was obtained from the Securities and Exchange.

5.Basic empirical model

In this study, the model used by Watts and Lafvnd to examine the relationship between information asymmetry and conservatism are. He found a positive relationship between information asymmetry and conservatism. They are more on the effects of changes in information asymmetry prior to the current time and the current time is conservative. They had the following regression models:

$$NI_t = a_0 + a_1 RET_t + a_2 PIN_t + a_3 PIN_t . RET_t + e_t \quad (1)$$

$$NI_t = \beta_0 + \beta_1 DR_t + \beta_2 RET_t + \beta_3 RET_t . DR_t + \beta_4 PIN_t + \beta_5 PIN_t . DR_t + \beta_6 PIN_t . RET_t + \beta_7 PIN_t . RET_t . DR_t + u_t \quad (2)$$

Equation (1) good news (positive returns) and bad (negative output) has been considered in relation (2) the model (1).

NI: Earnings before taxes and any

RET: Return of

DR: livestock variable is the bad news (RET is negative) 1 and good news (RET is no exception) is zero.

In equation (1) only a_3 PIN on how the relationship between earnings before interest and taxes and return on equity shows the focus. It is expected that the efficiency of positive (negative) sign a_3 negative (positive) is. In relation (2) β_6 PIN net effect on earnings before interest and tax returns related to the show. β_7 Shows how PIN when there is bad news on the relationship between stock returns and earnings before interest and tax impacts

$P\beta_3$Difference Pβ sensitivity of profit before interest and tax deductions on returns show positive and negative. Then a control variable isCV_j added to the model. To this end, several factors influencing the conservative debt ratio[1] and the ratio of market value to book value[2] is added as a control variable in the model (Watts 2007) Model 3 is the model.

$$NI_t = \beta_0 + \beta_1 DR_t + \beta_2 RET_t + \beta_3 RET_t . DR_t + \beta_4 PIN_t + \beta_5 PIN_t . DR_t + \beta_6 PIN_t . RET_t + \beta_7 PIN_t . RET_t . DR_t + \sum_{j=1}^{J} \gamma_j CV_j + \sum_{j=1}^{J} K_j CV_j DR_j + \sum_{j=1}^{J} \lambda_j CV_j RET_t + \sum_{j=1}^{J} \omega_j CV_j . RET_t . DR_t + u_t(\text{ر}$$

To study the effect of changes in information asymmetry past, present and future of the conservative model (4) is used in this equation, X be (1, 0, 1 -) to adopt. When is X = -1 δ_7 PIN change in the last year on how conservative this year's show δ_{11} and also how to change PIN 2 years of conservative this year's show. When is X = 0 δ_{11} shows how to change the PIN year δ_{11} conservative this year and shows how to change the PIN on the conservatism of this year's show last year.

When is X = 1 represents δ_{11}PIN change next year on how conservatism this year's show and also how δ_{11} PIN change year on year, the conservative shows.

$$NI_t = \delta_0 + \delta_1 DR_t + \delta_2 RET_t + \delta_3 RET_t . DR_t + \delta_4 \Delta PIN_{t+x} + \delta_5 \Delta PIN_{t+x} . DR_t + \delta_6 \Delta PIN_{t+x} . RET_t + \delta_7 \Delta PIT_{t+x} RET_t DR_t + \delta_8 PIN_{t-1+x} + \delta_9 PIN_{t-1+x} . DR_t + \delta_{10} PIN_{t-1+x} . RET_t + \delta_{11} PIN_{t-1+x} . RET_t . DR_t + \varepsilon_t \qquad (\text{۴})$$

The effect of rotation on the relationship between information asymmetry and accounting conservatism using the model (5) is checked. This model is actually the same model (2) in which the rotation of the two variables Habrsy Animal SHORT (audited circulation of less than 4 years) and LONG (audited circulation of more than 10 years is measured.

$$NI_t = \beta_0 + \beta_1 DR_t + \beta_2 RET_t + \beta_3 RET_t . DR_t + \beta_4 PIN_t + \beta_5 PIN_t . DR_t + \beta_6 PIN_t . RET_t + \beta_7 PIN_t . RET_t . DR_t + \beta_8 SHORT_t PIN_t + \beta_9 SHORT_t . PIN_t . DR_t + \beta_{10} SHORT_t . PIN_t . RET_t + \beta_{11} SHORT_t . PIN_t . RET_t . DR_t + \beta_{12} LONG_t . PIN_t + \beta_{13} LONG_t . PIN_t . DR_t + \beta_{14} LONG_t . PIN_t . RET_t + \beta_{15} LONG_t . PIN_t RET_t DR_t + + \sum_{j=1}^{J} \gamma_j CV_j + \sum_{j=1}^{J} K_j CV_j . DR_j + \sum_{j=1}^{J} \lambda_j CV_j . RET_t + \sum_{j=1}^{J} \omega_j CV_j . RET_t . DR_t + u_t$$

(5)

The positive (negative) of β_{10} shows that when a company is faced with the good news and the independent auditor the short turnaround between PIN and conservatism in order to reduce (increase) is.

The positive (negative) of β_{10} shows that when companies are faced with bad news and the independent auditor the short turnaround between PIN and conservatism thus increasing (decreasing) increasing.

Positive (negative) indicator of β_{14} good news is that the company is turning to face long-term independent auditor in order to reduce the conservatism associated with the PIN (increase) is.

The positive (negative) β_{15} of bad news when the company is facing the independent auditor rotation and long-term relationship with conservatism PIN in order to increase (decrease) finds. Difference between the sales price with the best price and best buy price sale, the average difference between the sales price is obtained. The difference is closer to zero is less information asymmetry.

$$PIN = \frac{E[B - S]}{E[B + S]}$$

Rotation of audit firms: an independent auditor noted that the maximum profit for the period of 4 years and be

replaced by other institutions eligible institutions as the new auditor to be selected.

6. Sample selection and data descriptions

Table 1 Summary of descriptive statistics for the data used in the study shows. Including mean, median, first and third quartiles and standard deviations of all the variables considered in the study. Average and median PIN-Original order of 0.115 and 0.09, which is provided by both the results Lafvnd and Watts are less. Also like most Lafund companies surveyed are profitable and have positive returns. The central tendency of net income before extraordinary items, by the beginning market value of equity is normalized.

The mean and median, respectively NI 0.005 and 0.055. Which are both positive. Skewness NI and RET respectively to the left and right wings of the findings and colleagues (2000), Basu (1995) is consistent. Average Audit tenure 8.385 years. Finally, the average book value to market value of equity and debt, respectively 1.404 and 0.185, both of which are less than the numbers provided by Lafvnd and Watts

Table 1 Descriptive statistics

Variables	mean	Median	Q1	Q3	Std
PIN	-0.002	-0.016	-0.062	0.023	**0.213**
PIN-Original	0.115	0.09	0.045	0.135	**0.237**
NI	0.005	0.055	0.002	0.132	**0.342**
RET	0.038	0.02	-0.27	0.36	**0.503**
TENURE	8.385	10.23	7.02	15.04	**5.657**
MTB	1.404	1.2	0.72	1.723	**1.174**
LEVERAGE	0.185	0.13	0.000	0.307	**0.193**

First, to test the hypothesis and study the relationship between the errors in evaluating the Pearson correlation coefficient was used. Table 2 shows the correlation matrix between the two variables. Variables that have a negative relation with the PIN include: NI, RET, Tenure, MTB. Mark the other variables are as Lafvnd and Watts. Although this study has also considered the audit cycle variables that have a positive correlation between NI and RET.

Table 2: correlation matrix

	PIN	PIN-original	NI	RET	Tenure	MTB	Levera ge
PIN	1						
PIN-original	0.0934	1					
NI	-0.045	-.024	1				
RET	-0.023	-0.019	0.013	1			
Tenure	-.0124	-.0118	0.036	0.023	1		
MTB	-0.074	-0.073	0.132	0.153	-0.143	1	
Leverage	0.02	0.01	0.022	-0.043	0.065	-0.054	1

7.Empirical findings

First assumption: the relationship between information asymmetry and conservative.

The first part of Table 3, the first hypothesis deals with model 1. First, the relationship between information asymmetry and conservatism using equation (1) is calculated separately for positive and negative output variables. The high correlation coefficients Basu model predicted good news column shows the predicted RET coefficient is not significant. Earnings before interest and tax so deducted to be more sensitive to bad news than good news.

Factor in the good news column shows that the coefficient of the PIN * RET is not significant. But the bad news column shows that the coefficient is positive and significant. Thus, the profit before interest and tax deductions this year, evidence that the company PIN mini takes up more profits will report good news, but there is no reason that the greater loss when faced with bad news reported to be there. So there is a direct relationship between internal and external stakeholders with information asymmetry conservatism are bad news.

The second part of Table 3 shows the results of models 2 and 3 show the results of column body control variables, Model 2 and Model 3 is the results column represents a control variable.

Table 3: The relation between PIN and conservatism. Results of model (1), (2) and (3) examine the first hypothesis

$$NI_t = a_0 + a_1 RET_t + a_2 PIN_t + a_3 PIN_t . RET_t + e_t$$

Variable	Negative return (bad news)	Positive return (good news)
Intercept	0.047 (0.000)	**0.032 (0.002)**
RET	0.125 (0.000)	**0.035 (0.137)**
PIN	-0.024 (0.403)	-0.062 (0.146)
PIN*RET	0.283 (0.053)	0.0063 (0.865)
Adj. R2 (%)	4.54	0.34

NIt = β_0 + β_1DRTt + β_2RETt + β_3RETt · DRt + β_4PINt + β_5PINt · DRt β_6INt · RETt + β_7PINt · RETt · DRt + ΣγjCVj + ΣKjCVj · DRt + ΣλjCVj · RETt +ΣωjCVj · RETt · DRt + υt

Variable	Without CV	With CV
Intercept	0.035 (0.002)	**-0.027 (0.142)**
DR	0.026 (0.164)	**-0.003 (0.748)**
RET	0.024 (0.147)	**0.023 (0.325)**
RET*DR	0.152 (0.000)	**0.124 (0.032)**
PIN	-0.072 (0.152)	**-0.043 (0.264)**
PIN*DR	0.057 (0.630)	**0.043 (0.421)**
PIN*RET(β_6)	0.004 (0.932)	**-0.014 (0.545)**
PIN*RET*DR(β_7)	0.254 (0.053)	**0.242 (0.153)**
Leverage		**0.042 (0.242)**
Leverage*DR		**0.017 (0.045)**
Leverage*RET		**-0.042 (0.435)**
Leverage*DR*RET		**0.046 (0.548)**
MTB		**0.032 (0.000)**
MTB*DR		**0.007 (0.000)**
MTB*RET		**-0.005 (0.62)**
MTB*DR*RET		**0.014 (0.783)**
Adj. R2 (%)	2.46	**5.34**

Second: the relationship between changes in information asymmetry and conservatism.

The results of the second hypothesis are presented in Table 4. δ_7 Coefficient is positive and significant in column X = -1, which implies a conservatism that is already linked to changes in information asymmetry. δ_{11} The estimated coefficient is positive and significant, suggesting that information asymmetry affects 2 years ago conservative this year. In Column X = 0 can be seen that the coefficient is positive and significant δ_7 suggest is that this year's conservatism is associated with changes in information asymmetry.

δ_{11} Coefficient is also positive and significant information asymmetry is that last year led India to affect conservatism this year. X = 1 can be seen in the column that shows the significant negative δ_7 conservative this year could further reduce the information asymmetry. However, no significant δ_{11} results show that the PIN does not affect the current conservative

General table of results shows that the increase in information asymmetry is associated with increased conservatism (δ_7. past and current) and the increase in next year's conservatism can reduce information asymmetry. How about a walk on the conservative impact of information asymmetry, δ_{11} positive factor in the past week show that conservatism is positively associated with information asymmetry year. In other words, an increase in information asymmetry may lead to greater conservatism is Greater than the level of information asymmetry

between informed and Ghyrmtl shareholders with more conservative earnings before interest and tax deductions is dependent.

Table 4: A further examination on the effect of PIN and PIN changes on conservatism.

NIt=δ0+δ1DRt+δ2RETt+δ3RETt ·DRt+δ4ΔPINt + x+δ5ΔPINt + x ·DRt+δ6ΔPINt + x ·RETt+δ7ΔPINt + x ·RETt ·DRt+δ8PINt −1+x+δ9PINt - 1 + x ·DRt+δ10PINt −1+x ·RETt+δ11PINt −1+x ·RETt ·DRt+εt

Variable	Lag	Concurrent	**Forward**
	x=−1	x=0	**x=+1**
	Coefficient (p-value)	Coefficient (p-value)	**Coefficient (p-value)**
Intercept	0.042 (0.001)	0.064 (0.000)	**0.036 (0.004)**
DR_t	0.036 (0.124)	-0.026 (0.321)	**0.023 (0.256)**
RET_t	0.103 (0.000)	0.053 (0.046)	**0.018 (0.534)**
RET_t*DR_t	-0.007 (0.784)	-0.032 (0.443)	**0.121 (0.012)**
ΔPIN_{t+x}	0.102 (0.495)	-0.263 (0.054)	**0.076 (0.520)**
ΔPIN_{t+x} *DR_t	0.453 (0.036)	0.435 (0.043)	**-0.243 (0.184)**
ΔPIN_{t+x} *RET_t	-0.648 (0.010)	0.173 (0.436)	**0.113 (0.643)**
ΔPIN_{t+x} *RET_t*DRt (δ_7)	1.023 (0.023)	0.537 (0.054)	**-0.654 (0.117)**
PIN_{t-1+x}	-0.075 (0.543)	-0.358 (0.002)	**-0.004 (0.674)**
PIN_{t-1+x} *DR_t	-0.253 (0.083)	0.454 (0.024)	**-0.214 (0.3)**
PIN_{t-1+x} *RET_t	-0.436 (0.004)	0.014 (0.543)	**0.064 (0.543)**
PIN_{t-1+x}*RET_t*DR $_t$(δ_{11})	1.003 (0.024)	1.243 (0.004)	**-0.329 (0.573)**
Adj. R2 (%)	3.6	3.3	**2.23**

The third assumption: The effect of rotation on the relationship between information asymmetry and accounting conservatism

Table 5 shows how the relationship between information asymmetry and a conservative auditor rotation effect. Column 1 contains the short-and long-term variables, regardless of the control variables. Column 2 includes both short-and long-term variable with respect to the control variables. In both columns, the coefficient is positive and significant coefficient on RET * DR PIN * RET * DR is also positive and significant (0.05> P).

Our main argument auditor rotation is dependent on the coefficients of the four variables (β_{15},β_{14},β_{11}, β_{10}). The four variables as a group can determine which variables influence whether or not the DR? Positive (negative) β_{10} indicates that the relationship between information asymmetry and accounting conservatism with a short spin to the fall (rise) is. Coefficients in column 1 SHORT * PIN * RET (β_{10}) and column 2 shows the relationship in the short term, which means that The good news, the rotation auditor term increases in earnings before deducting interest and taxes PIN significantly impact. DDβ_{14} Long auditor tenure during good news on the relationship between information asymmetry and conservatism are inversely that positive (negative) in order to decrease (increase) the relationship between these two variables is. DDβ_{14} LONG*PIN*RET Coefficients LONG * PIN * RET (β_14) in the first and second columns, respectively, 0.418, 0.327, both of which are significant.

EEβ_{11} And β_{15} how short and long term effects of auditor tenure on the relationship between information asymmetry and conservatism is bad news at the show. Using β_{11} be seen that the level of information

asymmetry is stronger (weaker) loss is higher (lower) will be reflected in earnings before interest and tax deductions. Also be seen that the coefficients in columns 1 and 2 β_{11} meaningful when there is bad news so short auditor tenure when there is bad news on the relationship between information asymmetry and conservatism does not work. β_{15} Factor in the long term in both columns 1 and 2 are significant.

Short-term and long-term effects are disproportionate. In short, the good news is more rapid effect on earnings before interest and taxes are deducted but due to the long period when there is no accountability. But long-term auditor tenure results show a significant long-term course of the audit, the bad news later on earnings before interest and taxes EBIT impact. And short-term effects are not significant.

Table 5: A further examination of whether auditor tenure affects the information role of conservatism

$$NIt = \beta_0 + \beta_1 DRt + \beta_2 RETt + \beta_3 RETt \cdot DRt + \beta_4 PINt + \beta_5 PINt \cdot DRt + \beta_6 PINt \cdot RETt + \beta_7 PINt \cdot RETt \cdot DRt + \beta_8 SHORTt \cdot PINt + \beta_9 SHORTt \cdot PINt \cdot DR + \beta_{10} SHORTt \cdot PINt \cdot RETt + \beta_{11} SHORTt \cdot PINt \cdot RETt \cdot DRt + \beta_{12} LONGt \cdot PINt + \beta_{13} LONGt \cdot PINt \cdot DRt + \beta_{14} LONGt \cdot PINt \cdot RETt + \beta_{15} LONGt \cdot PINt \cdot RETt \cdot DRt + \Sigma\gamma jCVj + \Sigma KjCVj \cdot DRt + \Sigma\lambda jCVj \cdot RETt + \Sigma\omega jCVj \cdot RETt \cdot DRt + \upsilon t$$

Variable	Column 1	**Column 2**
Intercept	0.042 (0.000)	**-0.025 (0.124)**
DR	0.032 (0.145)	**-0.003 (0.830)**
RET	0.026 (0.113)	**0.024 (0.302)**
RET*DR	0.124 (0.000)	**0.073 (0.032)**
PIN	0.003 (0 873)	**0.052 (0.382)**
PIN*DR	0.143 (0.068)	**0.231 (0.007)**
PIN*RET	-0.321 (0.013)	**-0.351 (0.013)**
PIN*RET*DR	0.532 (0.005)	**0.932 (0.021)**
SHORT*PIN	0623 (0.072)	**-0.602 (0.073)**
SHORT*PIN*DR	0.302 (0.052)	**0.25 (0.023)**
SHORT*PIN*RET (β_{10})	1.237 (0.040)	**1.432 (0.032)**
SHORT*IN*RET*DR (β_{11})	-2.214 (0.532)	**-2.073 (0.202)**
LONG*PIN	-0.075 (0.327)	**-0.108 (0.243)**
LONG*PIN*DR	-0.131 (0.018)	**-0.108 (0.003)**
LONG*PIN*RET (β_{14})	0.418 (0.012)	**0,327 (0.014)**
LONG*PIN*RET*DR (β_{15})	-1.043 (0.032)	**-1.314 (0.014)**
Leverage		**0.042 (0.153)**
Leverage*DR		**0.021 (0.032)**
Leverage*RET		**-0.073 (0.57)**
Leverage*DR*RET		**0.083 (0.937)**
MTB		**0.037 (0.000)**
MTB*DR		**0.021 (0.000)**
MTB*RET		**-0.004 (0.573)**
MTB*DR*RET		**0.026 (0.853)**
Adj. R2 (%)	4.65	**7.31**

8.Discussion and Conclusion

The effect of conservatism on information asymmetry firms listed in Tehran stock exchange in an eight-year period studied. Therefore, the possibility of speculative information as a measure of information asymmetry using the 135 companies studied during the years 2005-2012. The results confirmed the hypotheses.

The study results are consistent with Lafvnd and Watts (2008) is the study Lafvnd and Watts (2008) for the purpose of this research is not all-encompassing world of the economic environment is in a separate review. The results indicate that conservatism is positively associated with the level of information asymmetry is changed. The greater the information asymmetry between investors in the financial statements prepared by the company, the more conservative is applied, the change in information asymmetry among investors, leading to a change in the level of conservatism.

Additionally, one of the most prominent features of financial accounting conservatism is an efficient way

to address the moral hazard created by the existence of information asymmetry between shareholders. In this regard, it is suggested that the FASB conceptual framework project and the economic role of conservatism ISAB should be carefully reviewed before a final decision can influence.

The results of this study, the ISAB and FASB statements conservatism as constraints and restrictions (limiting quality attributes) can be expressed in the accounting abuses. According to the results of a financial decision with respect to such a limitation should be based on data considered to be academically rigorous. FASB and IASB standard transitions even relevant results ignore shareholder is advised to consider the results. The qualitative characteristics of accounting information are out of conservatism leads to reduced information asymmetry.

In exchange, the closing price, according to factors such as the closing price the day before the current day weighted average price of shares traded on the current day and the company's stock is determined based on volume. Base volume of eight ten-thousandths thus the number of shares to be traded on the stock price fully subject to change (positive or negative) in the range defined (of the stock Tehran 3% when research), is the. Due to this limitation in Tehran Stock Exchange for trading on the proposed purchase and sale prices and volume orders will also be affected.

Data were analyzed to study the models rely on existing data processing software was devised. Since test hypothesis on the basis of database research, data for each of the different industries was not possible to independently and since different industries have different characteristics and must be evaluated individually. Due to this limitation is proposed to extend the results to be done.

1.In order to be conservative test of another model like accrual criteria Gyvly and Hine, the standard measure of market value to book value of net assets of Beaver and Ryan be used.

2. The effect of asymmetric information on the choice of appropriate corporate governance mechanism to reduce information asymmetry.

3. Public and private ownership of information asymmetry between shareholders and conservatism

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